

# Vodafone Retail as an Employer Brand



Work Project based on the Business Project “Vodafone Retail – An admired place to work at”

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## BUSINESS PROJECT – VODAFONE RETAIL, AN ADMIRER PLACE TO WORK AT

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The telecommunication industry is one of the most competitive industries in the world, where innovative technologies appear on a consistent basis and change its users desires in ways that the industry could not imagine some years ago. Thus, in order to survive, companies need to understand and develop their competitive advantages so that they can be able to attract and retain new customers with twenty-first century demands.

Vodafone, a British multinational telecom company, plays a big role in this industry since it provides voice, messaging and data services to around 404 million mobile customers in over 30 countries. It is also one of the world's most valuable telecom brands, being its value estimated in 27 billion USD (Schept, 2013).

Regarding Vodafone Hungary, the company entered in the market in 1999 to compete with two other players, Telenor and T-Mobile. Nowadays, in terms of market share in this country, Vodafone stands in the last position with 22,78%, Telenor in the second position with 31,28%, and T-Mobile is the market leader with 45,84% of the market (National Media and Infocommunications Authority - Hungary, 2012). The short run goal of Vodafone Hungary is to substitute Telenor as the second player in the market. There is a fierce competition among players in this industry due to its high degree of saturation, since the fundamental features of their core products are hardly differentiable, which results in a relatively homogenous product offering across the market. To accomplish Vodafone goal to gain market share in the short term, the company relies on its customer experience as one of its main differentiators and as the key to ensure company's growth. If this strategy is to work, Vodafone needs to be able to count with high quality employees, who believe in the brand, its values and culture, so that they can effectively provide a unique customer experience that exceeds customer expectations and telecom services, to guarantee admiration, loyalty and recommendation of Vodafone.

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### THE BUSINESS PROJECT CHALLENGE

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With the aim of improving customer experience within Vodafone stores in Hungary, the company has created and implemented many initiatives such as transforming the retail store layout to one in which the employees are closer to the

clients – the smartshop; people development initiatives like JUMP! which intends to develop employees soft skills; and many processes simplification. In order to accomplish such challenging goal, Vodafone needs to work with high quality employees that believe in the company and are able to transmit such belief to the customer. Therefore, Vodafone needs to improve the perception of Retail as a workplace among current and prospective employees, so that it can become an admired place to work at.

The primary aim of the Business Project “Vodafone, an admired place to work at” was to attempt to define how can Vodafone Retail boost its attractiveness as a workplace, both for current and potential employees through the identification of main areas for improvement. In order to accomplish the goals defined by Vodafone, a three-pillar approach based on literature review, quantitative and qualitative research was used to carefully and comprehensively assess the company current situation as well as the feasibility of the project goals. The team researched current literature and reviewed recent trends and best practices in employer branding, training, and employee satisfaction. Vodafone’s current practices were benchmarked against best practices previously identified in the retail industry, so that further suggestions for improvement could be elaborated. In the qualitative research, nine interviews to all different store-levels employees were conducted to understand how is the work environment perceived by each one of them. Regarding the quantitative research, an online survey was used to grasp the 101 respondents opinion about the retail industry in general, and Vodafone in particular. Based on the findings, an action plan was elaborated with the aim of improving and introducing best practices to Vodafone’s HR and recruiting processes, which will help Vodafone to reach a better position as an employer brand. Through the best practices benchmark, qualitative research, and quantitative research, three main areas for improvement were identified, serving as basis for the elaboration of the proposed actions: Career, Work Environment, and Recruitment. Each proposal in each area was further divided in a suggested time scale for implementation that could range from fast and easy (quick-win), to medium-term (up to twelve months), or long-term (more than one year) – (appendix – figure 1). Communication related issues were present in all areas for improvement and most of our proposed actions had to do with improving the communication channels between Vodafone and current or potential future employees.

## VODAFONE RETAIL AS AN EMPLOYER BRAND

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The main objective of the Business Project was to propose an action plan that would boost the attractiveness of Vodafone Retail Hungary as a workplace both to current and potential employees. The action plan recommendations were based on the academic overview of recent trends of employee engagement and branding, on the exploration of best practices among the most admired employers, and on the analysis performed by the team both internally, through qualitative research, and externally, through quantitative research, to better understand the work environment on the store and the profile of the prospective employee and its opinion about the retail industry.

The action plan was divided into three main areas of action: recruitment, work environment and career. When developing the action plan, many of the proposals made were related with communication, whether because it was poorly made or even inexistent. Throughout the qualitative research, many issues were pointed out by the current employees, among which the lack of presence of corporate identity and company's brand values (playful, passionate, professional, and personable) in the floor level employees' mind:

[...] At IKEA in every meeting room there is the slogan “make nice living every day for the people”. Vodafone's one sentence is to be the second on the market. This is a clear goal from the company point of view. This is a clear company goal but does not really matter to the people. I feel that there is no consideration for the people at Vodafone.

Vodafone Hungary store manager

Such situation poses a problem to Vodafone since its main differentiation strategy is to deliver the best possible customer experience to its clients, being these store-level employees behaviour central to transmit the company's values.

This problem was recognized during the creation of the Business Project but not further developed due to a strategic choice of the team to focus on how to attract current and prospective employees throughout different and more practical approaches. The specific intention of this work project is to develop the importance of concepts such as “employer branding” and “internal branding” with the aim of improving Vodafone retail attractiveness as a workplace on high-quality potential and current employees so that a better customer experience can be delivered in store.

Studies affirm that in mobile phones retail service environments, employee interaction with customers is the most important factor in customer satisfaction

(Mosley, 2007) and the strongest influence in employees' engagement in the retail industry is the store manager (Barrow & Mosley, 2005). Therefore, in order for Vodafone to be able to deliver what it promises to its customers, "*power to you*", it first needs to attract the highest-calibre employees in the market that believe in the company and are able to live the brand, turning Vodafone retail into an "employer of choice". In the quantitative research performed for the business project, one of the conclusions was that, even though 49 out of 101 respondents said yes to work for Vodafone, only 29 people said that they would like to work for Vodafone Retail. Other aspect stressed by the Vodafone Business Advisor, is that outside Budapest Vodafone has many difficulties to hire new people. For example, once they needed to hire a new store manager in a remote area, and after twelve months of search, they were unable to find someone, solving the problem by promoting a store sales advisor to store manager. Such situation shows that Vodafone retail is not an employer of choice in Hungary.

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### SERVICE BRAND EXPERIENCE

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It is known that engaged and satisfied employees have a higher probability of delivering a consistently positive service experience, and also transmitting emotional values that are more difficult for competitors to imitate than the operational elements of a service brand experience (Mosley, 2007). It is of very importance that what the brand advertises and promises to its customers is consistently kept in the customer brand experience throughout all customer-brand touch points, otherwise the credibility and the overall strength of the brand will be damaged (Burmenn & Zeplin, 2005). Thus, it is very important to take into consideration how employees' principles and behaviours can be aligned with the company's desired values (Harris & Chernatony, 2001).

Outstanding customer experience is important not only because it drives customer satisfaction and differentiates the company from competitors, but also because even though there is no one-to-one correlation between customer satisfaction and profitability, studies found out that retailers who performed better financially, also ranked higher in customer satisfaction. Moreover, the same study revealed that the overall experience in store is considered to be of bigger importance to customer satisfaction than traditional areas of CRM investment such as tailored marketing and preferred pricing (Chhabra & Sharma, 2010). Furthermore, it have been also

demonstrated that there is significant evidence that highly engaged employees can increase customer satisfaction, and consequently sales. The employee behaviour is, therefore, of extremely importance for the service brand, but it is also one of the most difficult factors to control in the marketing mix, being this the reason why it took so long for services sector companies to adopt brand management approaches to the total customer experience (Mosley, 2007). Summarizing, strong employer brand, associated with higher than average levels of employee engagement, helps to decrease company's costs, improve customer satisfaction and eventually influence positively the financial results (Barrow & Mosley, 2005). Hence, an investment in employer and internal branding to further improve Vodafone retail attractiveness to current and potential employees is necessary to achieve the goal of the company: gain competitive advantage through delivering the best customer experience so that Vodafone can become second in the mobile communications industry in Hungary.

Ensuring that employees understand what is the brand promise and what are their roles in delivering such promise during the customer experience has been described as internal marketing. The companies using this approach should be consistent with their strategy otherwise their employees might feel that they are simply considered a channel to market (Mosley, 2007). This means that the company should have equal internal and external values. Moreover, Internal marketing considers that jobs should be managed in a similar way as products. The jobs should be designed with the usage of marketing techniques so that employees' and firm's needs meet, communicating this way benefits of the employment to internal and external markets (Wilden, Gudergan, & Lings, 2010).

Internal branding relates with the understanding employees have of its company, and the support they deliver to transmit firm's identity to the customers (Burmah & Zeplin, 2005). According to Bergstrom et al. (2002), internal branding refers to communicating the brand in an effective way to the employees, convincing them of its value and importance, and creating conditions to every job in the organization to be able to deliver the "brand essence" (Berthon, Ewing, & Hah, 2005). Internal branding is very similar to internal marketing but instead of an "outside-in" value based approach, it uses an "inside-out" one, since it has a less narrowly clear focus on the customer brand experience favoring a wider range of brand-led corporate goals and objectives. These two approaches, internal marketing and internal branding, both fail

in the same: they try to change an organization's culture, which is a very difficult task to accomplish (Mosley, 2007).

According to Backhaus and Tikoo, employer branding is basically the application of branding principles to human resources management practices (Backhaus & Tikoo, 2004). Thus, employer branding is characterized by a firm's attempts to foster an image of what makes it different and attractive as an employer, both within and outside the firm (Backhaus & Tikoo, 2004). According to Sullivan, employer branding can be defined as "a targeted, long-term strategy to manage the awareness and perceptions of employees, potential employees, and related stakeholders with regards to a particular firm" (Sullivan, 2004). Thorne defined it as a combination of psychological, economical, and functional benefits that a certain employment provides, that can be associated with a specific employer (Thorne, 2004). This concept is used to attract potential employees and reassure that the current ones are committed to the company and engaged both with the culture and the strategy of the firm (Backhaus & Tikoo, 2004). There is now an increasingly support on the discipline of employer brand management, since this approach takes a more holistic attitude on shaping the culture of the organisation, through guaranteeing that every employee is aligned with its ethos (Mosley, 2007).

An emotional attachment people create with their employer is usually motivated by the total experience they face while in work. These feelings can be driven by the satisfaction derived from the tasks performed, the degree to which they feel valued by their peers, and their belief in the company's values they represent (Barrow & Mosley, 2005). Furthermore, it is important to denote that the objective of employer branding it is not to create and implement a new set of values, but rather to help to ensure that the ones that currently exist are translated into something relevant and meaningful to employees, and that are consistent with the values the company intends to show externally. A strong brand is of important value to both employees and customers and such strength is created not only by appealing advertising, but also from a credible brand identity that creates trust and commitment (Burmam & Zeplin, 2005).

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## DEVELOPING VODAFONE RETAIL AS AN EMPLOYER BRAND

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In order for Vodafone Retail to become a desired place to work at, the company needs to develop its employer branding practices with the ultimate goal of engaging their employees into the brand values so that they are able to deliver the best on-brand



customer experience.

According to Barrow and Mosley, there are five main roles to be performed by the person/team responsible with the employer brand strategy (Barrow & Mosley, 2005):

- Determine the kind of employer brand the organization should be, aligned with its vision, mission and business objectives.
- Design the best employer brand positioning and engage senior management so that the required resources and cultural changes that are necessary to make the strategy work can be turn into reality.
- Manage communications with the aim of reaching the target audiences internally and externally.
- Manage working relationships with managers which actions will shape the fundamental parts of the employer brand mix.
- Understand which employee measures to apply and facilitate management discussion towards filling the performance gaps between the current and desired employer brand experience.

Taking into account the case of Tesco in the Mosley and Barrow's book, "The Employer Brand" (Barrow & Mosley, 2005), some recommendations will be made to improve Vodafone Retail in Hungary as a desired place to work at.

First, the company should clarify its values to the employees by drawing easy to understand people statements and introduce them side by side with the core value statements of the company with, for example, posters in each store. These people statements can be identified with the help of employees so that it can easily create a strong echo across the organisation as a whole. Vodafone should always be aware of its employees' feelings towards the company, therefore, it should regularly do employee surveys to benchmark the level to which employees associate Vodafone with the core values and people statements. Additionally, the company should create values workshops to all store level employees for them to start internalising the company's values. Along side with this initiative, a 360-degree feedback process should be implemented, covering three main topics: living the brand, delivering for customers and "taking people with them". Another initiative that could boost the feeling that employees care as much as customers to Vodafone, would be the implementation of a new feature on Vodafone's internal platform, the HUB, that

would allow employees to share customers' insights they gain on daily basis due to their direct contact with customers. These insights could be use to marketing related campaigns or the development of new products, for example. Furthermore, Vodafone should try to promote from within to fill new posts wherever possible creating this way the feeling of existing possibility for career growth among their employees. Such initiatives could be supported by a staff-training package and talent-spotting programme, which would help to recognize and develop potential management personnel.

Moreover, Vodafone Retail should run a qualitative and quantitative nationwide research to understand what do their employees most value about working to Vodafone Retail and what are their ambitions towards the future. Such initiative would allow Vodafone to identify which factors drive commitment and therefore, would allow the company to have a guide in which to develop a more coherent employer brand proposition.

A framework where both the customer and the employer brand propositions, alongside with Vodafone financials and operations, should be created to easily define the company's goals and deliverables so that the company can be customer focused, competent in their operations, financially healthy without forgetting the crucial role of its people in delivering the best customer experience in the market. In this framework each segment should be driven and monitored by Key Performance Indicators (KPIs), which should assign challenging but yet attainable targets for the year ahead. This framework should link employees' objectives with their everyday work; thus, it should be displayed in every store with a simple system that would show if the store is on track with the strategy.

Ultimately, all these initiatives should aim at creating the possibility to Vodafone reach brand integrity, meaning, the actions proposed should make sure that the customer experience lives up to expectations, since brand integrity builds customer trust and loyalty, and in the end, yields long term success and sustainability.

## REFLECTION ON LEARNING

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The elaboration of the Business Project allowed me to grow in many dimensions. The team I had the pleasure to work with demonstrated high levels of ambition and focus on achieving the best results both to the company and to the team. We looked at this project not as another one, but as the final one as students, which results could really help the company we were partnering with, Vodafone. The Business Advisor, Gabriella Nyíri, also demonstrated a high level of motivation towards this project, which she efficiently passed to us.

Moreover, during the development of the Business Project, the team performed quantitative and qualitative researches, which allowed me to put in practice all the tools I learned in courses such as Marketing Research, Customer Relationship Management and Brand Management. Additionally, since the project was under the scope of Human Resources, we were also able to put in practice some of the learning acquired during the class of Human Resources Management. Furthermore, these were not the only tools learned from the masters program used during the development of this project. Soft skills such as cross cultural management, teamwork, reliability on a partner and its work, flexibility and cooperation with the aim of achieving a high-end result, and critical thinking towards the results were also skills applied in this Project. Regarding new learning, during the development of the Working Project I had the opportunity to learn about employer branding and all the techniques to apply brand management tools to human resources practices. This gave me a new perspective of brand management as a discipline, since it was first created to be used on products, transforming the way marketing was organised, but can also be applied in the management of the human capital of a company enhancing HR's contribution to the business and careers to those within it. Now that I have learned more about this subject, I believe that employer brand management can potentially be the most attractive role in HR and, in the end, what HR should be about.

In a personal view, I am very happy I had the opportunity to work with Vodafone, a company that demonstrated commitment and dedication to this project since I was first assigned to do the Business Project with Henkel, which revealed the exactly opposite behaviour of Vodafone. The project with Henkel had to be cancelled due to the behaviour of the Business Advisor, which never had the time to be involved with the project. Therefore, resilience to face organisational problems out of my

control was also a learned lesson I took out of the Business Project module of the CEMS MIM program. Moreover, due to these circumstances, I joined the Vodafone Business Project team when the entire project was already structured and being put in practice, which narrowed my contribution to it. I had to quickly adapt to the project, the team and the organisation previously settled up by them. In this regard, I understood that one of my biggest strengths is my flexibility and capability of adaptation to the environment surrounding a team.

One of the biggest limitations of the Business Project in my belief was the fact that there was no specific and narrow goal to achieve, such as increase in 25% the sales in two years. The goal was to boost the attractiveness of the Vodafone Retail as a desired place to work at. Such broad goal made impossible for us to give specific actions that would cause specific impact; therefore, the action plan produced by the team was considered perhaps too general and not that cause specific. This was something that we did not predicted in the beginning of the project and that it could have been done differently.

Nevertheless, the outcome of the Business Project was considered a success by entire team and the business partner, and a very positive learning experience.

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## APPENDIX

FIGURE 1: OVERVIEW OF PROPOSED ACTIONS

